

H.R. 3590 – How much will “health care reform” really cost?

On Thursday, March 18, 2010, the Congressional Budget Office (CBO) released a preliminary cost estimate for the Senate-passed healthcare takeover legislation plus the draft reconciliation package. CBO’s initial estimate is that the bill will cost roughly \$1 trillion over the first ten years. But a closer look reveals that a number of budgetary and timing gimmicks are required to get this bill down to the “low” number of \$1 trillion.

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Timing Gimmick: Ten Years of Taxes for Six Years of Healthcare

This bill includes ten years of tax increases and ten years of Medicare cuts, but only six years of “reformed” health care coverage. According to Paul Ryan, the Ranking Republican on the Budget Committee, *the true cost over ten years of coverage is \$2.3 trillion.*



Budgetary Gimmick: Medicare “Doc Fix”

All early iterations of the health care legislation in both the House and Senate included the prevention of scheduled cuts in Medicare physician payments -- known as “the doc fix.” The President’s Office of Management and Budget has estimated that the cost of the doc fix would add an additional \$371 billion to the cost of the legislation. With the price tag beyond what most Americans could handle, the Democrats decided to simply remove this costly provision and deal with it in separate legislation. The preliminary CBO cost estimate of H.R 4872 assumes cuts in physician reimbursement rates by 21 percent this year, and continued cuts in the years ahead. Ignoring this additional cost does not remove it from the backs of taxpayers.

Hiding spending doesn’t reduce spending.

Budgetary Gimmick: Double-Counting

\$53 billion in “savings” is claimed by counting increased Social Security payroll revenues. These dollars are already claimed for future Social Security beneficiaries, and using these funds to

offset the cost of this bill assumes we are not going to pay future Social Security benefits. \$70 billion in savings is claimed from the CLASS Act -- long-term care insurance. These so-called savings are not offsets, but rather premiums collected to pay for future benefits.

More than \$500 billion in Medicare cuts cannot be counted twice. Using Medicare as a piggy bank, the legislation raids nearly a half-trillion dollars from retirees' health coverage to fund the creation of another open-ended health care entitlement.

The updated legislation includes \$132 billion in cuts to the Medicare Advantage program representing nearly \$14 billion more in cuts than the Senate-passed bill.

Democrats claim that their Medicare cuts will be used both to extend the program's solvency and to reduce the cost of the bill -- they can't have it both ways. When you strip away the double-counting of Medicare cuts, the so-called savings from Social Security payroll taxes, and the CLASS Act,

the federal deficit increases by \$433 billion
over first ten years.

Increased Taxes (Again):

Offsetting taxes include \$17 billion in taxes on individuals not complying with the mandate to purchase coverage, \$32 billion from the "Cadillac tax" on high-premium insurance plans, \$52 billion in payments by businesses associated with the employer "free rider" penalty, and \$44 billion in associated other revenue interactions. In total, *provisions in the reconciliation bill increase taxes by \$155.8 billion* over the next ten years, above and beyond the tax increases contained in the Senate-passed bill.

This bill does not reduce deficits. This bill is does not control costs. According the Administration's CMS actuary, the legislation increases national health expenditures by \$222 billion. This bill adds a new health care entitlement when we have no idea how to pay for the entitlements we already have. This massive overhaul will enlarge government, increase federal spending, deficits, and debt, and fuel a dependence on the federal government at odds with our historic commitment to individual liberty. It constitutes a government takeover of the health care sector and infringes on the doctor-patient relationship.
The American people cannot afford the costly consequences of this health care debacle.

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Congressman Todd Akin's "Quick Takes" are a brief look at an aspect of a current hot topic. March 19, 2010